Variance Analysis Template

Compares budgeted or forecasted figures against actual results, calculates the dollar and percentage difference for each line item, and assigns ownership to close the gap.

1. THE 9 TEMPLATE COLUMNS

Use these as the header row of your variance sheet — each one earns its place.

COLUMN	PURPOSE
Category / Line Item	Account, department, or cost center being tracked
Budget or Forecast	Planned baseline figure for the period
Actual	Real result pulled from the GL or ERP
Variance ($)	Actual − Budget (revenue) or Budget − Actual (expenses)
Variance (%)	Dollar variance as a percentage of budget
Favorable / Unfavorable Flag	Clear directional tag, not just a signed number
Root Cause / Explanation	Why the variance occurred
Materiality Flag	Marks whether the variance crosses your investigation threshold
Corrective Action	Required changes going forward
Owner & Deadline	Responsible party and timeline

2. WORKED EXAMPLE

One completed row, so the sheet below is easy to fill in the same way.

LINE ITEM	BUDGET	ACTUAL	VAR. $	VAR. %	FLAG	ROOT CAUSE	OWNER / DEADLINE
Payroll	$25,000	$27,000	$2,000	8%	Unfavorable	Overtime and mid-month new hire	FP&A lead — 2 weeks

Materiality threshold used above: 5% — this variance crossed it and was flagged for review.

3. 7-STEP USAGE WORKFLOW

Run this every close cycle, in order.

- [ ] Pull budget or forecast figures by line item
- [ ] Enter actuals from the GL or ERP
- [ ] Calculate dollar and percentage variance automatically
- [ ] Apply your materiality threshold to focus on material items
- [ ] Tag each material variance and document the root cause
- [ ] Assign an owner and deadline for corrective action
- [ ] Review the completed sheet before close sign-off

© Bluecopa. All rights reserved.

4. BLANK VARIANCE WORKSHEET

Copy this grid into your sheet and fill it in by line item.

LINE ITEM	BUDGET	ACTUAL	VAR. $	VAR. %	FLAG	ROOT CAUSE	OWNER / DEADLINE

5. WHEN TO MOVE BEYOND A SPREADSHEET

If more than one of these is true, static variance sheets are working against you.

- [ ] Multiple entities or ERP systems require manual consolidation
- [ ] Account or line-item counts have grown past 400+ rows, and review takes too long
- [ ] There is no automated root-cause narrative generation
- [ ] There's no drill-through from a variance to transaction-level detail
- [ ] Actual figures lack a reconciliation check before they're used

6. READINESS CHECK

Confirm these before rolling this template out for the next close.

- [ ] The team understands what a variance analysis template is for
- [ ] Favorable vs. unfavorable variances are distinguished, not just signed numbers
- [ ] Variance percentage is calculated consistently across all sheets
- [ ] A materiality threshold has been set and agreed with FP&A
- [ ] Automation opportunities have been evaluated for repetitive line items
- [ ] Review cadence is set at monthly minimum, aligned to the close cycle

Reviewed by _____ Date _____ Next review _____

© Bluecopa. All rights reserved.